

## Message Text

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FOL REPEAT OF EC BRUSSELS 1370 TO SECSTATE INFO EC CAPITALS  
BELGRADE BRAZILIA BUENOS AIRES CANBERRA WELLINGTON FEB 18

QTE:

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PASS AGRICULTURE

E.O. 11652: N/A  
TAGS: EAGR, ETRD  
SUBJECT: EC BEEF IMPORT RESTRICTIONS

REF: EC A-125, 5/7/74

1. SUMMARY. THE EC COMMISSION HAS INFORMED REPRESENTATIVES OF BEEF EXPORTING COUNTRIES THAT THE EC EMBARGO ON BEEF IMPORTS MAY BE LIFTED ON APRIL 1. HOWEVER, ONCE THE EMBARGO IS LIFTED, THE COMMISSION INTENDS TO INTRODUCE A REVISED SYSTEM OF "JUMELAGE", REQUIRING THAT ENTITLEMENT TO IMPORT BEEF BE CONTINGENT ON PRIOR EXPORTS WITHOUT SUBSIDY OF AN EQUIVALENT QUANTITY OF BEEF FROM INTERVENTION STOCKS. END SUMMARY.

2. REPRESENTATIVES OF THE WORLD'S PRINCIPAL BEEF EXPORTING  
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COUNTRIES MET ON FEB. 14 WITH EC COMMISSIONER LARDINOIS TO

DISCUSS RELAXATION OF THE BEEF IMPORT BAN AND REPLACEMENT MEASURES. THE THIRD COUNTRIES REPRESENTED INCLUDED AUSTRALIA, NEW ZEALAND, YUGOSLAVIA, ARGENTINA AND BRAZIL.

3. LARDINOIS REPORTEDLY TOLD THE GROUP THAT THE COMMISSION IS THINKING OF LIFTING THE IMPORT BAN ON APRIL 1. HOWEVER, HE POINTED OUT THAT THE COMMUNITY WOULD NOT AT THAT TIME RETURN TO NORMALCY IN ITS BEEF IMPORT TRADE. INSTEAD, HE SAID THE COMMISSION INTENDS TO RE-INTRODUCE THE "JUMELAGE" SCHEME BUT WITH A NEW (AND MORE IMPORT RESTRICTIVE) TWIST.

4. WHEN THE "JUMELAGE" SYSTEM WAS PREVIOUSLY IN EFFECT (REFAIR), EC IMPORTS OF BEEF HAD TO BE MATCHED BY PURCHASES, FOR FOREIGN OR DOMESTIC SALE, OF BEEF FROM INTERVENTION STOCKS. UNDER THE NEW SCHEME, LARDINOIS APPARENTLY INTENDS TO REQUIRE THAT IMPORTS CAN TAKE PLACE ONLY WHEN PRECEDED BY EXPORTS OF AN EQUAL QUANTITY OF BEEF FROM INTERVENTION STOCKS. THUS, BEFORE AND EC TRADER COULD OBTAIN AN IMPORT LICENSE FOR BEEF, HE WOULD HAVE TO EXPORT (OR CONCLUDE AN EXPORT SALES CONTRACT FOR) AN EQUIVALENT QUANTITY OF BEEF FROM INTERVENTION.

5. ACCORDING TO AUSTRALIAN SOURCES PRESENT AT THE MEETING, LARDINOIS INDICATED THAT INTERVENTION BEEF SOLD UNDER THE NEW JUMELAGE SYSTEM WOULD NOT BENEFIT FROM EXPORT SUBSIDIES. THUS, SELLERS OF SUCH BEEF WOULD BE AT A COMPETITIVE DIS-ADVANTAGE VIS-A-VIS EC BEEF EXPORTED WITH THE NORMAL SUBSIDIES.

6. AUSTRALIAN SOURCES FURTHER STATE THAT LARDINOIS SAID THAT THE NEW SYSTEM, AS LEAST INITIALLY, WOULD APPLY ONLY TO 100,000 TONS OF BEEF. HE INDICATED THAT AN ADDITIONAL "TRANCHE" OF 50,000 TONS MIGHT BE OPENED AT A LATER DATE.

7. THE REACTION MOST THIRD COUNTRY REPRESENTATIVES TO LARDINOIS' PRESENTATION HAS BEEN DESCRIBED AS "VERY GUARDED". YUGOSLAV REPRESENTATIVES APPARENTLY WERE THE MOST VOCAL, CALLING THE NEW SCHEME SIMPLY AN IMPORT EMBARGO UNDER ANOTHER NAME.

8. AUSTRALIAN OFFICIALS PRIVATELY VIEW THE PROPOSED SYSTEM AS A LARDINOIS SCHEME TO "FILL THE GAP" IN EC BEEF IMPORT SUPPLIES (I.E., TO SATISFY IMPORT NEEDS FOR CERTAIN SPECIALTY MEATS)  
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WHILE AT THE SAME TIME FACILITATING DISPOSAL OF INTERVENTION STOCKS AT LITTLE OR NO COST (WITH NO EXPORT SUBSIDIES).

9. WE HAVE ASKED OFFICIALS IN THE COMMISSION'S AGRICULTURAL DIRECTORATES ABOUT THE OPERATION OF THE NEW JUMELAGE SYSTEM. THEY STATED THAT THEY COULD NOT COMMENT SINCE THE PROPOSED SYSTEM HAS NOT YET BEEN DISCUSSED WITH THE MEMBER STATES. THEY ADDED THAT, IN FACT, DETAILS OF THE SYSTEM HAVE NOT BEEN

THRASHED OUT IN THE COMMISSION.

10. AN OFFICIAL IN THE DG FOR EXTERNAL RELATIONS CONFIRMS THAT LARDINOIS PROPOSED OPENING UP THE EC MARKET FOR 100,000 TONS OF BEEF IMPORTS-IN ANY FORM-WITH EACH IMPORTED TON TO BE MATCHED BY A TON OF EXPORTS. NEITHER NORMAL LEVIES NOR RESTITUTIONS WOULD BE APPLICABLE TO THIS TRADE. OUR SOURCE NOTES THAT THERE ARE MANY DETAILS MISSING FROM THIS IDEA, AT LEAST AS HE UNDERSTANDS IT, HE CHARACTERIZED THE SCHEME AS ONE AIMED AT RELIEVING SOMEWHAT THE EFFECT OF THE IMPORT EMBARGO ON CERTAIN BEEF EXPORTERS WITHOUT LEADING TO NEW IMPORTS OF BEEF.GREENWALD UNQTE KISSINGER

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